Nova Scotia
Housing Development Corporation

Business Plan

2005 - 2006

106-03804/

Table of Contents

Message from the Minister and Deputy Minister i

Mission 2

Planning Context 2

Challenges 3

Opportunities & Initiatives 4

Strategic Goals 5

Core Businesses 5

Priorities for 2005-06 6

Budget Context 8

Outcomes and Performance Measures 9

Message from the Minister and Deputy Minister

It is our privilege to present the Nova Scotia Housing Development Corporation's (Corporation's) Business Plan for 2005-06, setting out the Corporation's priorities for the new fiscal year. The Corporation plays an important role in supporting the Government's commitment to helping Nova Scotians access safe and affordable housing, and maintain their homes.

2004-05 was a successful year for the Corporation, with a number of projects underway across the province. Under the Affordable Housing agreement, over $14.4 million has been committed to date for the construction or renovation of more than 300 units. The Corporation was also successful in securing a funding for a second phase of the agreement. This will result in an additional federal/provincial investment of $18.9 million. Combined, the two phases of the Affordable Housing agreement represent a total federal-provincial investment of over $56 million in affordable options for Nova Scotians.

We look forward to a busy year ahead, working with our partners to develop affordable and sustainable housing solutions which will help meet the changing needs of Nova Scotians.

David M. Morse

Chair, Nova Scotia Housing Development Corporation

Minister, Department of Community Services

Marian F. Tyson, Q.C.

President, Nova Scotia Housing Development Corporation

Deputy Minister, Department of Community Services

Mission

The mission of the Nova Scotia Housing Development Corporation is to be a partner to Nova Scotians in fostering healthy communities through housing.

Planning Context

The Nova Scotia Housing Development Corporation was created in 1986 to provide financing for the government's social housing programs. It is responsible for holding the Province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. It is governed by the ***Nova Scotia Housing Development Corporation Act***.

The Minister of Community Services is the Corporation's Chairperson and the Deputy Minister is the President. The Corporation has no employees; the staff of the Department of Community Services carry out the management and administration functions of the Corporation but are not direct employees and receive no remuneration from the Corporation. Direct service delivery, including functions like tenant and property management, is carried out by seven Regional Housing Authorities (RHA)and their employees.

The Corporation supports the Province's housing initiatives to provide safe, affordable appropriate and sustainable housing to low and modest income Nova Scotians by managing the Province's social housing assets, negotiating funding agreements and providing financing tools for a variety of housing solutions.

In carrying out its business, the Corporation and its agents perform a number of roles, including those of land owner, landlord, administrator and developer. For example, the Corporation is the largest residential landlord in the Province, owning 11,659 senior and family public housing units. These units are administered and managed by the RHA. These Authorities also administer the Rent Supplement Program (approximately 800 units) and the Rural and Native Housing Program (approximately 630 rental units and 680 homeowner units). Combined, these programs provide housing to approximately 30,000 Nova Scotians.

Three federal-provincial agreements form the cornerstone of the Corporation's operations. They are the Social Housing Agreement (SHA, 1997), the Affordable Housing Agreement (2002, 2005) and the Housing Renovation Program Agreement (2003).

Under the Social Housing Agreement, the Corporation assumed the administration of approximately 220 third-party operating agreements with 156 different cooperative and non-profit housing organizations. Under the terms of the respective operating agreements, the Department provides annual subsidies to 220 housing projects. These housing projects involve approximately 7,000 dwelling units and are located throughout the province.

In accordance with the terms of the SHA, Nova Scotia's annual federal funding for Federal/ Provincial Social Housing Programs was capped at the 1995-96 funding level. As individual

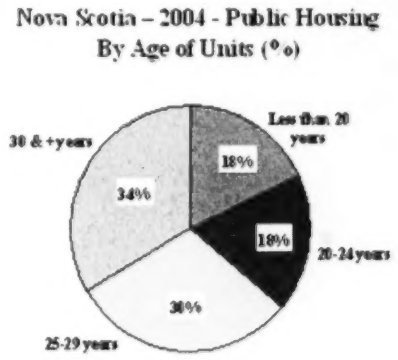
housing project agreements expire and their mortgages mature, the level of federal funding declines. Based on the current agreement and mortgages outstanding, projections are that by 2035, federal contributions will cease.

Other Corporation activities include the administration of the Canada Mortgage and Housing Corporation's (CMHC) mortgage/loan portfolio for Nova Scotia and working with other program units within Community Services and with the Department of Finance to provide direct lending to housing related projects for long term interest rate risk reduction.

Challenges

Challenges facing the Corporation include:

- The Province's private and public housing stock is aging. One in three public housing units (3,788) is at least 30 years old. Another 3,451 units were built 25-29 years ago. These units require more ongoing maintenance and capital improvements than those built within the past twenty years. In 2003-04, $24.2 million was spent on capital improvements and maintenance.



- Housing needs are changing, as evidenced by a growing demand for affordable rental accommodations for non-elderly single households. At the same time, Nova Scotia is experiencing a marked shift in the population from rural to urban centres. As a result, some public housing projects, built over 20-30 years ago, are located in communities where there is no longer a high demand for public housing .
- The annual operating expenses for the approximately 12,000 public housing rental units are increasing. Though directly affected by rising prices in areas such utilities, home heating fuel, building materials and wages, as a public housing landlord, the Corporation does not have the flexibility to pass rising costs on to tenants.
- Annual federal subsidies provided under the Social Housing Agreement, are and will continue to decline, which will necessitate consideration of alternative funding or renewed federal funding.

Opportunities & Initiatives

To help address these challenges, the Corporation is continually pursuing additional funding opportunities, and exploring ways to promote effective and effective management of operations, both for today and the future.

The Corporation has been active in securing new funding agreements and has engaged in a number of major initiatives.

- In 2002, Nova Scotia signed the Canada Nova Scotia Affordable Housing Agreement. The purpose of the Agreement is to improve the supply of affordable housing in Nova Scotia. Under the Agreement, the Government of Canada and the Province of Nova Scotia each committed to $18.63 million in funding for the development of affordable housing options. Four programs were developed to deliver the funding: New Rental Housing Initiative, Rental Housing Preservation, New Home Purchase Program and Home Ownership Preservation.

  This Agreement was an important step in support of Nova Scotians in need of affordable housing and it is an important piece of the province's housing strategy. By the end of the 2004-05 fiscal year, the federal and provincial governments had committed approximately $14 million of the total $37.26 million involving approximately 340 affordable housing units.

- The Corporation anticipates, in response to a request for proposals issued in December 2004, that in 2005-06, it will be in a position to approve another series of rental projects which will add to the existing stock of affordable housing units in the province.

- In November 2003, the three-year Canada/Nova Scotia Renovation Programs Agreement was signed. Through this agreement, the Province spent approximately $8.79 million in 2003-04 and assisted more than 900 households. This included assistance provided under the array of RRAP (Residential Rehabilitation Assistance Program) programs.

  The 2004-05 budget for the Renovations Programs was $9.28 million. Every year the Corporation commits 100% of the funds available. It is anticipated that approximately the same level of activity achieved in 2004-05 will be maintained.

- In March 2005, the Canada Nova Scotia Affordable Housing Agreement was amended to encompass $18.9 million in additional federal/provincial funding for Phase II of the Affordable Housing Initiative. This will enable the Province to continue to either create or renovate affordable housing units for Nova Scotians.

Strategic Goals

The goals of the Corporation are to:

- Foster healthy communities through innovative housing solutions
- Ensure access to a supply of safe, appropriate, affordable and sustainable housing

One of the key determinants of health is a safe secure physical environment. Safe, adequate and affordable housing is fundamental to personal well being, and the base upon which to build healthy and sustainable communities. Adequate housing provides a physically and environmentally safe place to live and raise children, and enables participation in the social and economic life of the Province.

As such the goals of the Corporation are consistent with and support the priorities of the Government of Nova Scotia in supporting individuals and families to access affordable and sustainable housing in their communities, fostering healthier Nova Scotians, enabling learning, and contributing to prosperity.

Core Businesses

The Corporation's core businesses are:

- Managing the province's social housing funds and assets.
- Providing mortgage guarantees and/or financing to qualifying housing projects.
- Enabling the delivery of housing programs through funding agreements like the Social Agreement, the Canada/Nova Scotia Affordable Housing Agreement and the Canada/Nova Scotia Housing Renovation Programs Agreement.

These activities enable the Province to provide safe, adequate, affordable options for Nova Scotians.

Priorities for 2005-06

The following are the Corporation's priorities for the 2005-06 fiscal year.

Priority Evaluate the federal social housing programs encompassed under the Canada/Nova Scotia Social Housing Agreement, using the evaluation framework developed in 2004-05.

Under the terms of the Canada Nova Scotia Social Housing Agreement signed in 1997, an evaluation of the social housing programs is required every five-years. In October 2004, work began on the development of an evaluation framework. The framework includes the Public Housing Program, the Rural and Native Program, the Rent Supplement Program, the Urban Native Program and the Non-Profit Housing Programs. Staff of both the Department, the seven Regional Housing Authorities, and other social housing stakeholders were consulted during the development of the framework.

With the evaluation framework in place, the programs will be evaluated in 2005-06. These evaluations will provide information on the performance, results and cost-effectiveness of the federal social housing programs covered by the Agreement.

Priority Decentralizing the administration of the Rural and Native Housing Program.

In 2003, the third party management agreement for the 1470 Rural and Native housing portfolio expired. Since that time, as an interim approach, the property management functions for 630 rental properties have been provided by the Cobequid Regional Housing Authority and the mortgage administration for 680 ownership units provided by Head Office. In 2005/06, the property management and mortgage administration functions will be decentralized to the appropriate regional operations and regional authorities and integrated into their regular business.

Priority Continue to implement the Affordable Housing Program.

During 2004-05, a variety of affordable housing projects were approved, located throughout the province:

- Sydney Mines (20 rental units for seniors and non-elderly singles)
- Halifax (66 rental units for seniors)
- Truro (24 rental units for singles, families and seniors)
- Westville (4 rental units for persons with disabilities)
- New Minas (24 rental units for seniors)
- Debert (24 rental units for singles, families and seniors)
- Chester (16 units for seniors)

In addition, approximately $2.4 million was committed in 2004-05 for the Home Preservation Program. This commitment has enabled approximately 110 homeowners to undertake major repairs to their homes.

In December 2004, the second request for proposals for new affordable rental housing for singles, families, seniors and people with disabilities, was issued. The closing date was February 16, 2005. It is anticipated that the province will be in a position in 2005-06 to approve another series of affordable rental projects from the proposals submitted as a result of the December request. By March 31, 2005, approximately $14 million of the Phase I funding of $37.26 million will be committed and a total of 340 affordable housing units created and/or renovated.

In March 2005, the Province and the federal government entered into an amendment to the original Canada/Nova Scotia Affordable Housing Agreement signed in 2002. The amendment dealt with funding for a Phase II of the Agreement. The second phase involves approximately $18.9 million in additional funding, to be committed by March 2008.

In 2005-06, the Corporation will continue implementation of the Affordable Housing Agreements, working with community agencies, non-profit organizations, and the private sector to develop affordable housing options for Nova Scotians. A plan for implementing phase II is expected to be ready by summer 2005.

Priority A long-term housing approach for government.

Safe affordable housing is fundamental to personal well being, and the base upon which to build healthy and safe communities. In 2005-06, the role of housing will be reviewed, addressing the challenges and issues the Province will face and suggesting approaches which will help Nova Scotia grow, prosper and thrive.

Budget Context

The following two tables provide information on the Corporation's funding and expenditures ($ thousands).

Table 1. Nova Scotia Housing Development Corporation Funding			
Funding Source	**2003-04 Actual Audited**	**2004-05 Forecast**	**2005-06 Estimate**
Revenue from Government Sources	83,500	97,250	96,300
Revenue from Rents	49,500	49,500	49,000
Interest, revenue from Land Sales and other revenue	3,000	5,500	2,500
Total Funding	**136,000**	**152,250**	**147,800**

Table 2. Nova Scotia Housing Development Corporation Expenditures			
Expenditure Source	**2003-04 Actual Audited**	**2004-05 Forecast**	**2005-06 Estimate**
Interest on Long Term Debt	28,900	28,400	27,900
Property Management and Operations	44,700	45,000	45,000
Maintenance and Capital Improvements	24,200	24,600	23,700
Transfer to Housing Services*	24,700	40,250	37,700
Amortization of Investment in Social Housing	10,000	10,500	11,000
Administration Fee and Cost of Land Sold	3,500	3,500	2,500
Total Expenditures	**136,000**	**152,250**	**147,800**

* Under the terms of the Canada Nova Scotia Social Housing Agreement, CMHC transfers the Federal subsidies to the Corporation monthly. A portion of this funding is then transferred to the Programs Division of the Department of Community Services for Social Housing program subsidies. In addition gross program expenditures under the Affordable Housing Agreement and Housing Renovation Program Agreement are included in the forecast and estimate amounts.

Outcomes and Performance Measures

Core Business Area: Manage the province's social housing funds and assets.				
Outcome	Measure	Data	Target	Strategies to Achieve Target
Corporation's ability to meet its program obligations under the Canada/Nova Scotia Social Housing Agreement, assuming no modification to the existing arrangements in the Agreement which ends in 2035.	Projection of the financial resources available to meet anticipated Canada/Nova Scotia Social Housing Agreement Expenditures	The Corporation's expenditures increased in 2003-04, while maintaining a positive balance in reserves necessary to protect the Corporation's financial position.	Ensure existing programs operate within the annual funding available. The challenge for the Corporation is managing in an environment in which operating costs are increasing and opportunities to increase rents are limited	Continue to monitor and pursue opportunities to improve operations and generate new revenues. Develop a long-term housing approach for government which better positions the Corporation to maximize its resources, and the Department to address the long-term housing needs of Nova Scotians. Conduct an evaluation of the housing programs under the 1997 Canada/Nova Scotia Social Housing Agreement.
Co-operative and non-profit housing organizations ability to provide, safe, affordable and sustainable housing.	Percentage of co-operative and non-profit housing organizations that have adequately funded reserves.	In 2003-04, 71% of the non-profit and co-operative housing had adequately funded reserves, up from 62.5%, in 2000-01(the base year).	75% of non-profit and co-operative housing have adequately funded reserves.	Continue to work with others to provide training; to develop a co-operative network to build capacity; to increase opportunities for information exchange; and to work with individual organizations to assist and train management.

Core Business Area: Provide mortgage guarantees and/or financing to qualifying housing projects.				
Outcome	Measure	Data	Target	Strategies to Achieve Target
Safe and adequate housing through mortgage guarantees and/or financial assistance.	Number of qualifying housing projects receiving mortgage guarantees and/or financing assistance.	2001-02 (BY): 1 project 2002-03: 6 projects 2003-04: 9 projects The Corporation provided approximately $11.8 million in financial assistance in 2003-04. Projects assisted included: renovations to an existing nursing home; a 30-unit assisted living pilot project; a 15 bed overnight stay facility for people with relatives in a hospital; and two leased properties for the Community Supports for Adults Program.	Assist a minimum of three housing projects per year. This target has been reached in each of the past two years.	The Corporation will continue to foster and pursue partnering opportunities with other departments and government agencies.

Core Business Area: Enabling the delivery of social housing programs through the Canada/Nova Scotia Affordable Housing Agreements.				
Outcome	Measure	Data	Target	Strategies to Achieve Target
Safe, adequate, affordable housing options.	Affordable Housing Agreement funds committed to date on creating and renovating housing units.	The initial Affordable Housing agreement signed in 2002, required commitment of the original $37.26 million in funding by the end of March 2005. As part of the Phase II agreement, the federal government has agreed to provide the provinces some flexibility with respect to project development and funding commitment for both Phase I and Phase II.	To commit all funds available under Phase I and Phase II of the Affordable Housing Agreement; Phase I - $37.26 M; Phase II - $18.9 M .	Determine how best to maximize the benefits under each Phase, and develop an approach which enables full commitment of funds by the end of March 2008. Continue to develop partnerships with community-based organizations, municipalities and the private sector to create or renovate housing units. Develop a strategic housing policy which better positions the Corporation to maximize its resources, and the Department to address the long-term housing needs. In December 2004, another request for proposals for affordable rental housing projects was issued. It is anticipated that this request will be as successful as the initiative in Feb. 2004 which resulted in 7 approved housing projects involving the creation of 178 affordable rental units.

Core Business Area: Enabling the delivery of social housing programs through the Canada/Nova Scotia Affordable Housing Agreements.				
Outcome	**Measure**	**Data**	**Target**	**Strategies to Achieve Target**
Safe, adequate, affordable housing options.	Number of households assisted through funding made available under the Housing Renovation Program Agreement.	In 2003-04, funding was provided for 919 units, and 68 beds. Includes all the units and beds improved under the Renovation Programs: the suite of Residential Rehabilitation Assistance (RRAP) Programs – RRAP for Homeowners, RRAP for Individuals with Disabilities, Emergency Repair, the Home Adaptation for Seniors Independence (HASI), RRAP for Rental and Rooming Houses, Conversion RRAP, and the Shelter Enhancement Program for emergency shelters. Historically, all available funds have been used each year, and this trend is expected to continue.	Continue to maximize the benefits associated with housing repairs for those most in need, based on the funds available in each fiscal year.	Utilize the full annual funding available in 2005-06 for renovation programs.